

Testimony of

Andrea Scalzo

Before the Judiciary Committee

Friday, March 25, 2011

11:00 a.m.

**H.B. 6620 AN ACT CONCERNING CONDOMINIUMS AND COMMON INTEREST OWNERSHIP COMMUNITIES**

My name is Andrea Scalzo and I have owned and operated Scalzo Property Management for over 23 years. We are located in the Greater Danbury area and manage properties in Connecticut and New York. Community associations account for over eighty percent of our portfolio and we represent more than 2500 condominium homeowners. I consider my company and the managers who work for me to be professionals. My staff are college educated with degrees in business, finance and accounting. We advocate on-going training for our staff in all aspects of community association management including but not limited to insurance, accounting and finance, construction, maintenance, law, leadership and so many other areas. We are members of our industry's trade Association (Community Association Institute) and support their educational programs and seminars. I personally hold a Certified Community Association Manager (CCAM) designation as well as an undergraduate degree in Business and an MBA in International Business. The folks who stay in this industry are largely people who want to help people and improve their communities much like yourselves.

I am here today to oppose in part Bill No. 6620 for the following reasons:

- (1) I oppose the creation of an office of Condominium Ombudsman and everything related to it (Bill No. 6620 Section 1, Section 2, Section 3, Section 4, Section 5, Section 6)—all “new additions” for the following reasons:
  - Due Process and transparency already exist – if the goal of the Office is to provide a means of resolving disputes between *condominium owners and condominium associations* then let me first say that *the condominium association is the condominium owners* – so right off the bat people are fighting themselves. There are condominium owners who historically did not feel they had sufficient opportunity to speak to the Board members they had elected. In July 2010 (less than a year ago) there were significant changes made to the Common Interest Ownership Act (CIOA) that were designed to create a more open environment to facilitate homeowners ability to have an easier forum for expressing themselves. The new CIOA changes call for notification to the homeowners five days prior to a Board Meeting and access to those Board meetings so concerns can be expressed. This new process has yet to be fully evaluated as to its effectiveness – it is my belief that if a homeowner has the opportunity to address the Board of their Association, and the opportunity to listen to the Board proceedings they may begin to understand the decisions being made and potentially not have the same “disputes” once an understanding of the issues is discussed. The Board is elected by the homeowners - at any point in time if there is sufficient dissatisfaction within the community for the leadership direction the Board is taking there are already processes in place for the homeowners to unseat the Board and replace them. Additionally, on an annual basis Board positions come up for re-election and if there is sufficient support for someone new with a new platform it is relatively simple to elect that new person/s to the Board. In other words, the homeowners are in control of their destiny as the statutes currently stand. Therefore, there is no need to set up a costly office to oversee a process that already exists.
  - Cost – Relative to cost – assuming there are 250,000 condominium units in the state of Connecticut and as this bill proposes each were to pay \$4.00/unit that translates into a million dollars a year – It is my understanding that in 2010 the Attorney General's office

received 205 "complaints" from those 250,000 homeowners that live in Connecticut – less than 1% of the condominium owners– Are we trying to raise a million dollars to address less than 1% of the condominium population ? At that rate, each complaint is valued at \$4,878 per complaint. Personally, I would prefer an alternative dispute resolution (ADR) approach for the less than 1% where rather than having the 249,795 homeowners who have no issues within their community pay for a miniscule number of folks who have issues we allow the folks with complaints (that cannot be resolved in the current due process) to pay for ADR with licensed/experienced condominium attorneys who understand the Association documents and the state statutes and can readily instruct, mediate and come to proper resolutions and the party who loses pays the legal fees – this would hold the Boards accountable as well as the homeowners.

Additionally, I have signed petitions from many of the homeowners in the Associations we manage opposing a "tax" of \$4.00 per door and can easily obtain more – in a climate where everyone is struggling financially to tack another fee onto a condominium budget is unconscionable. The cost is not justified – the majority of the condominium homeowners (99%) should rule in this situation.

- (2) Opposed to raising the registration fee of community association managers from one hundred dollars to four hundred dollars for the simple reason that this "fee" does not solve any issue. It is simply an additional fee with no purpose. I would rather take that same four hundred dollars and send one of my managers to a training session that will educate them to be better managers. In that vein, I have committed to volunteer my time this year to looking at managers and management companies in general to determine what is needed to insure that those who present themselves as professional management companies/persons do in fact have the proper training and education to provide quality service and sound advice that is required in this ever changing industry. Education is the solution not empty increases in fees.
- (3) Opposed to budget being approved by a majority of unit owners voting instead of a majority of all unit owners – (Opposed to Bill 6620 Section 7 all new additions) The concept is simple.... Homeowners elect their Board... the Board is intimately involved in the day to day running of the Association and therefore is the more knowledgeable group to present a budget. The budget is distributed and there is a meeting of all of the homeowners (Annual Meeting). As with everything in life, ours is a fast paced society... if everything is running smoothly and people are happy with the running of the Association they oftentimes do not come to this meeting to vote – the current state statute reads that unless a majority of the homeowners votes the budget down it passes – in essence those folks who aren't coming out against the budget are for it and are not required to come out to say yes – their absence is sufficient to register that vote – similar to the 249,795 homeowners who are happy where they live and happy with their elected officials versus the small number of people who are not – the majority of all of the homeowners should rule in this situation.

So as not to seem so negative, I am in favor of the proposed changes in Sections 8, 9, 10, 11 and 13 and remain neutral on Section 14

Thank you for your time and attention.

Respectfully,  
Andrea Scalzo